

(CONTINUED)

## **SCHEDULE A-2**

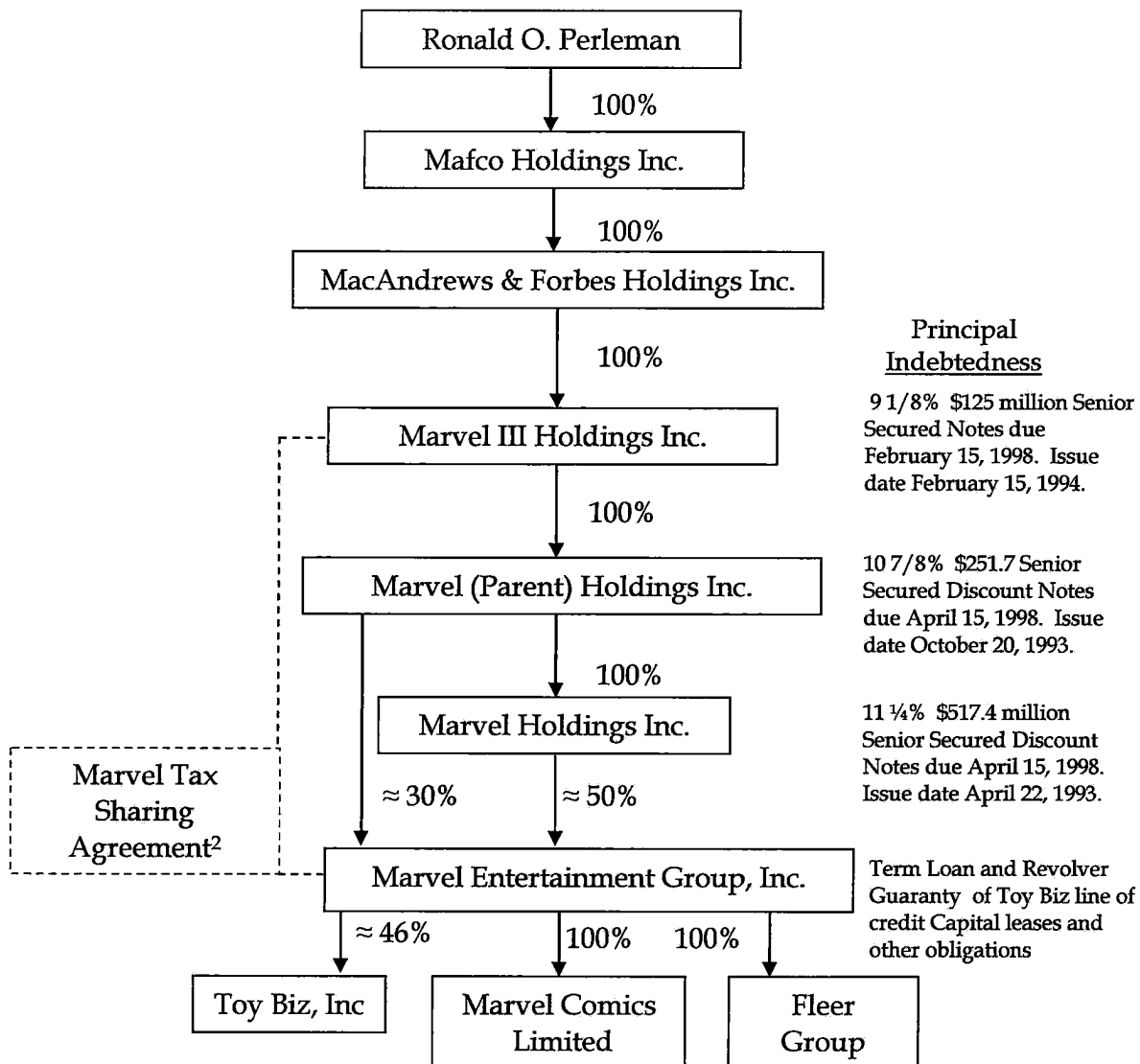
### **Part 2 of 4**

### **Fowler**

# **Fowler**

## **Part 2**

**Exhibit 1**  
**Marvel Holding Companies & Affiliates**  
**Organization Chart <sup>1</sup>**



<sup>1</sup> Source: Marvel III Holdings Offering Memorandum, dated February 8, 1994 for 9 1/8% \$125 million Senior Secured Notes due 1998.

<sup>2</sup> Marvel Entertainment Group, Inc. will be required to make certain tax sharing payments to Marvel III which are expected to provide the principal source of cash for Marvel III to pay interest on the 9 1/4% Senior Secured Notes due 1998 (the "Notes").

## Exhibit 2

### Resume - Peter A. Fowler

2961 Clay Street  
San Francisco, CA 94115  
peter.fowler@gmail.com

Office: (415) 440-6551  
Office Fax: (415) 440-6336  
Cell: (917) 535-6114

#### 2001-2005 **Headlands Capital, Inc.**

New York/San Francisco

*President and Managing Director*

- Provide independent strategic and corporate finance advice. Financial Advisor since 2001 to CEO of **Intermagnetics General Corporation**, a leading medical device and energy technology company. Advising on a wide range of strategic and financial issues, including divestitures, shareholder relations, financing for the energy technology business and strategic partnering. Developed and implementing acquisition strategy – advised on the successful unsolicited \$150MM acquisition of Invivo Corporation, \$100MM acquisition of MRI Devices Corporation and sale of Polycold Systems to Helix Technology for \$53MM.
- Financial Advisor to the CEO and principal shareholder during 2001-2002 on a global financial restructuring of London-based **LNM Holdings and its subsidiary Ispat International N.V.** Ispat is the world's fourth-largest steel company, operates in the U.S., Mexico, Canada, Trinidad, Netherlands, France and Germany, and has revenue of \$4.5B and debt of \$2.5B. Acting as Chief Restructuring Officer responsible for developing, negotiating and executing the global restructuring plan and overseeing the Ispat internal team, investment bankers and lawyers. Completed the Mexican unit's restructuring. Devised strategy to maximize equity value, isolated potential problem to Mexican unit, and achieved debt rescheduling on attractive terms.

#### 1984-2001 **CREDIT SUISSE FIRST BOSTON**

New York

*Managing Director, Investment Banking - Global Industrial & Services Group*

1999 - 2001

- Senior account officer for industrial companies. Exceeded target revenue goals in 1999 and 2000.
- Industry Expertise - Extensive understanding of food and beverage, environmental services, aerospace/defense, office equipment, airline/airfreight and information services industries.
- Head of Environmental Services industry group; Led eight person team. Identified business opportunity and organized this industry group from development of business plan and commitment of firm's capital to hiring of research analyst and banking team. Ranked as #3 team in deal volume 1997-1999.

*Managing Director, Investment Banking - Global Corporate Finance Group*

1994 - 1999

- Founding senior officer of group with mandate to "export" U.S. investment banking skills. Primary focus on Europe and Latin America. Partnered with international account officers to identify, solicit and execute complex cross-border financial advisory and capital raising transactions for industrial companies. Initiative resulted in \$40MM of incremental revenues in 1995, growing to \$100MM in 1999. Maintained primary account coverage for a select group of large U.S. industrial companies.
- Firm-wide product manager for tracking stock, tax deconsolidation and ESOPs.

*Director, Investment Banking - East Coast Industrial Group*

1992 - 1994

- Responsible for solicitation of large industrial clients with no CSFB relationship. Completed first time transactions with six new Fortune 500 companies resulting in \$16MM incremental fee revenue. Managed firm wide analyst (college graduates) recruiting program in 1991-1993.

*Director, Fixed Income Capital Markets*

1990 - 1992

*Vice President, Investment Banking - Corporate Finance Generalist Group*

1984 - 1990

#### Summer 1983 **LEHMAN BROTHERS KUHN LOEB INCORPORATED**

New York

*Associate, Corporate Finance Department*

#### 1980-1982 **MERRILL LYNCH & CO.**

San Francisco/New York

*Junior Trader, Municipal Bond Department*

**Exhibit 2**  
**Resume - Peter A. Fowler**

**EDUCATION:**

- |      |  |                  |
|------|--|------------------|
| 1984 | <b>THE WHARTON SCHOOL, UNIVERSITY OF PENNSYLVANIA</b><br><i>Masters of Business Administration Degree. Concentration in finance.</i> | Philadelphia, PA |
| 1980 | <b>DARTMOUTH COLLEGE</b><br><i>Bachelor of Arts Degree in Mathematics and History.</i>   | Hanover, NH      |

**SELECTED TRANSACTIONS:**

**A. MANAGEMENT EXPERIENCE**

Head of UCLA MBA Recruiting, 1986  
Organized Investment Banking Department Associate Training Program 1986 & 1987  
Analyst Recruiting Committee, 1987 & 1988  
Regional Co-ordinator for Analyst Recruiting, 1987 & 1988  
Operating Officer, Corporate Finance Generalist Group, 1990  
Worked with Head of Investment Banking Department to restructure semi-annual professional review/evaluation system, 1990  
Operating Officer, Fixed Income Capital Markets, 1991-1993  
Operating Officer, East Coast Industrial Group, 1993-1994  
Wharton MBA Recruiting, 1985-2001 (Head 1999-2001)

**B. FINANCIAL ADVISORIES**

**1. DIVESTITURES/ACQUISITIONS/GENERAL ADVISORIES**

Advised Lockheed on acquisition of Sanders Electronics for \$1.2B, 1986  
Represented NL Industries against hostile bid for Coniston Partners, 1986  
Advised General Cinema in acquisition/spin-off of Neiman Marcus. Group from Carter Hawley Hale, 1987  
Advised Chart House on acquisition of Paradise Bakery, 1988  
Advised General Cinema on sale of General Cinema's Bottling Division to PepsiCo for \$1.75B, 1989  
Advised Home Shopping Network in proposed merger with QVC Network, 1990  
Advised General Cinema on acquisition of Harcourt Brace Jovanovich, 1990  
Advised Hershey Foods on sale of OZF Jamin to Cobana BV in a management buyout, 1995  
Advised Rhône-Poulenc Rorer on purchase of majority interest in Applied Immune Services, Inc. for \$84.4MM, 1995  
Advised Rhône-Poulenc Rorer on two-step increase in equity interest in Applied Immune Services, Inc. for \$42.0MM, 1995  
Advised Welsh Carson Anderson & Stowe on purchase of 60% of credit card operations of The Limited Inc. for \$165MM, 1996  
Advised Stonington Partners in \$600MM acquisition of Graphic Systems division from Rockwell International, 1996  
Advised Ciba-Geigy AG on the divestiture of Mettler-Toldeo AG subsidiary for \$766MM to AEA Investors, 1996  
Advised Hershey Foods on acquisition of North American operations of Leaf from Huhtamäki Oy for \$515MM, 1996  
Advised Hershey Foods on divestiture of European confectionery operations, Gubor and Sperlari, to Huhtamäki Oy for \$120MM, 1996  
Advised Doncasters plc in Acquisition of Triplex Lloyd plc for \$400MM, 1998  
Advised Olayan Group in its Minority Investment in Coca-Cola Beverages plc, 1998  
Advised Allied Waste Industries in its Merger with American Disposal Services for \$1.1 billion, 1998  
Advised Astrolink on its formation (Astrolink is a satellite services joint venture of Lockheed Martin, TRW and Telespazio), \$900MM, 1999  
Advised KTI Inc. on its sale to Casella Waste for \$600MM, 1999  
Advised Astrolink on the minority investment by Liberty Media, \$425MM, 2000  
Advised UAL Corporation on the structure of its e-commerce assets, 2000

**Exhibit 2**  
**Resume - Peter A. Fowler**

Advised Continental Airlines on recapitalization of NWA's equity investment, 2000  
Advising American Airlines on the purchase of TWA and selected USAir assets, 2001  
Advising Union Pacific on the spin-off of its telecom and technology assets, 2001  
Advising Pitney Bowes on its strategic and defense issues, 1995-2001

**2. RECAPITALIZATIONS**

General Cinema - Dual class voting structure, 1984  
Big V Supermarkets - Dual class voting structures, 1986  
Cargill - Preferred stock structures, 1993  
Bell Atlantic New Zealand Holdings - Tax deconsolidation, 1994  
Ameritech New Zealand Holdings - Tax deconsolidation, 1994  
Illinois Tool Works Leasing & Investments - Corporate restructuring/asset exchange, 1995  
Pitney Bowes International Holdings - Advice on restructuring international operations, 1995  
The Pittston Company - \$1,550MM Tracking Stock Recapitalization of Pittston Services Group into Pittston Brinks and Pittston Burlington, 1996  
Fletcher Challenge Ltd. - \$3,100MM Tracking Stock Recapitalization of Ordinary Shares into Fletcher Challenge Paper, Fletcher Challenge Energy and Fletcher Challenge Building, 1996  
Golden State BancCorp - Tracking Stock Warrants, 1998  
Telephone & Data Systems - Tracking Stock Recapitalization, 1998

**3. STRATEGIC ADVISORY/RESTRUCTURINGS**

Advised Ingersoll-Rand on a strategic review of its business portfolio, 1986  
Advised PACE Industries on strategic alternatives for restructuring its business portfolio, 1986  
Advised Ford Motor on a strategic review of its financial service businesses, includes separation alternatives, 1986  
Advised Beatrice on a review of its business portfolio, 1988  
Advised Tenneco on a strategic audit, which led to a sale of its oil and gas business, 1988  
Advised J.C. Penney on a strategic audit and review of the business portfolio, 1988  
Advised United Waste Systems on capital structure issues, 1995  
Advised American Disposal Services on capital structure issues, 1997

**4. LEVERAGED ESOP/FLEXITRUST**

Ashland Oil - \$125MM Leveraged ESOP, sole advisor, 1985  
Phillips Petroleum - \$1.5B Leveraged ESOP, lead advisor (not closed), 1985  
J.C. Penney - \$706MM Leveraged ESOP, sole advisor, 1988  
Rhône-Poulenc Rorer - \$225MM Flexitrust, sole advisor, 1993  
Air Products and Chemicals - \$457MM Flexitrust, sole advisor, 1993

**5. VALUATION OPINIONS**

Lykes Brothers - Common Stock, 1985-1986  
Neiman Marcus - Convertible Preferred Stock, 1987  
Hallmark - Preferred Stock, 1991  
Wabash Railroad - Preferred Stock, 1991  
Cargill - Preferred Stock, 1991  
Bell Atlantic - Tax deconsolidation, 1994  
Ameritech - Tax deconsolidation, 1994  
Pitney Bowes - Tax deconsolidation, 1994  
Perrier American Springwater Holdings NV - Common Stock, 1995

**6. RATING AGENCY ADVISORIES**

Airborne Freight, 1986  
J.C. Penney, 1986-1990  
Hasbro, 1990-1991  
Virginia Electric, 1992  
Bell Atlantic, 1994  
Ameritech, 1994  
Pitney Bowes, 1994-2001  
PPG Industries, 2000

## Exhibit 2

### Resume - Peter A. Fowler

#### C. CAPITAL MARKETS TRANSACTIONS

##### 1. PUBLIC EQUITY

Big V Supermarkets - \$25MM Common Stock, sole manager, 1986  
 Airborne Freight - \$25MM Convertible Debt, sole manager, 1986  
 General Cinema - £110MM Exchangeable Debentures into Cadbury Schweppes, co-lead manager, 1987  
 E-II Holdings - \$1.0B Common Stock, co-manager (IPO), 1987  
 Chart House Enterprises - \$57MM Common Stock, lead manager (IPO), 1989  
 Hasbro - \$125MM Convertible Debt, lead manager, 1991  
 United Waste Systems - \$23MM Common Stock, co-manager, 1993  
 Mystic Beverage - \$90MM Common Stock, co-manager (IPO), 1994 (Not completed)  
 Canandaigua Wine - \$135MM Common Stock, lead-manager, 1994  
 Scania AB - \$2.8B Common Stock, co-manager (IPO), 1996  
 American Disposal Services - \$25MM Common Stock, co-manager (IPO), 1996  
 United Waste Systems - \$150MM Convertible Debt, co-manager, 1996  
 Pharmacia & Upjohn - \$2,000MM Common Stock Sale by Volvo, co-manager, 1996  
 Doncasters plc - \$120MM Common Stock Sale by Inco Ltd, lead manager (IPO), 1997  
 American Disposal - \$78MM Common Stock, co-manager, 1997  
 Allied Waste Industries - \$290MM Common Stock, co-lead manager, 1997  
 American Disposal - \$211MM Common Stock, co-manager, 1997  
 L-3 Communications - \$100MM Common Stock (IPO), co-manager, 1998  
 Owens-Illinois - \$500MM Common Stock, co-manager, 1998  
 United Road Services - \$100MM Common Stock (IPO), co-manager, 1998  
 Capital Environmental - \$35MM Common Stock (IPO), lead-manager, 1999  
 L-3 Communications - \$450MM Common Stock, co-manager, 1999  
 Pepsi Bottling Group - \$2.3B Common Stock (IPO), co-manager, 1999  
 Republic Services Group - \$1.7B Common Stock, co-manager, 1999  
 Continental Airlines - \$350MM Convertible Preferred Stock, lead-manager, 2000  
 United Parcel Service - \$180MM Common Stock, blocktrade, 2000  
 United Parcel Service - \$50MM monetization of investment in Tumbleweed, 2000

##### 2. PUBLIC DEBT

Citicorp - \$250MM Senior Notes, co-manager, 1985  
 Citicorp - \$250MM Senior Notes, co-manager, 1985  
 General Cinema - \$100MM Subordinated Notes, lead manager, 1985  
 General Cinema - \$125MM Subordinated Notes, lead manager, 1987  
 General Cinema - \$125MM Subordinated Notes, lead manager, 1988  
 IBM - \$750MM Debentures, co-manager, 1989  
 IBM Credit - \$300MM Tax-Exempt Asset Backed Notes, sole manager, 1990  
 Lockheed - \$150MM Senior Euronotes, lead manager, 1986  
 Lockheed - \$300MM Senior Notes, co-manager, 1986  
 J.C. Penney - \$150MM Debentures, sole manager, 1986  
 J.C. Penney - \$250MM Notes, sole manager, 1986  
 J.C. Penney - \$200MM Debentures, sole manager, 1986  
 J.C. Penney - \$250MM Asset Backed Notes, sole manager, 1988  
 J.C. Penney - \$250MM Notes, sole manager, 1988  
 J.C. Penney - \$200MM Notes, sole manager, 1990  
 J.C. Penney - \$375MM Asset Backed Notes, sole manager, 1990  
 J.C. Penney - \$425MM Asset Backed Notes, sole manager, 1990  
 Martin Marietta - \$600MM Notes, co-manager, 1993  
 Boston Gas - \$50MM Medium Term Notes; 1994  
 Midland Enterprises - \$50MM Medium Term Notes, 1994  
 PHH - \$2B Medium Term Notes, agent, 1994  
 Dayton Hudson - \$400MM Asset Backed Notes, lead manager, 1995  
 World Financial Network National Bank - \$805MM Asset Backed Notes, lead manager, 1996  
 Lockheed Martin - \$5.0B Notes, co-manager, 1996  
 Lockheed Martin - \$1.5B Notes, lead-manager, 1996



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Canandaigua Wine - \$65MM Senior Subordinated Notes, co-manager, 1996  
 Allied Waste Industries - \$1.75B Senior Notes, co-manager, 1998  
 Owens-Illinois - \$1.01B Senior Notes, co-manager, 1998  
 Pitney Bowes Credit - \$200MM Senior Notes, co-manager, 1998  
 Pitney Bowes - \$300MM Senior Notes, lead-manager, 1998  
 Pepsi Bottling - \$3.3B Senior Notes, joint-book manager, 1999  
 Lockheed Martin - \$2.0B Senior Notes, co-manager, 1999  
 USA Waste - \$600MM Senior Notes, co-manager, 1999  
 PPG Industries - \$300MM Senior Notes, co-manager, 1999  
 Allied Waste Industries - \$2.0B Senior Sub Notes, co-manager, 1999  
 Lockheed Martin - \$1.95B debt Tender, sole-agent, 2000  
 Continental Airlines - \$840MM EETC, lead-manager, 2000  
 United Airlines - \$1.5B EETC, senior co-manager, 2000  
 Continental Airlines - \$740MM EETC, lead manager, 2000  
 United Airlines - \$800MM EETC, co-manager, 2000  
 NWA - \$520MM EETC, lead-manager, 2000  
 USAirways - \$362MM EETC, lead-manager, 2000  
 USAirways - \$280MM EETC, co-manager, 2000  
 Union Pacific - \$400MM Senior Notes, lead manager, 2001  
 Allied Waste Industries - \$600MM Senior Notes, joint book- running manager, 2001  
 Waste Management Inc. - \$600MM Senior Notes, joint book-running manager, 2001  
 United Parcel Service - £300MM Senior Notes, co-manager, 2001

#### 3. PRIVATE DEBT

Airborne Freight - \$25MM Senior Subordinated Notes, sole agent, 1986  
 New York Times - \$50MM Senior Notes, sole agent, 1987  
 J.C. Penney - \$706MM ESOP Notes, sole agent, 1988  
 Neiman Marcus. Group - \$52MM Senior Notes, sole agent, 1989  
 Allied Waste Industries - \$300MM lease advisory, 2001  
 Federal Express - \$125MM EETC private placement, 2000

#### 4. LEVERAGED BANK DEALS

Allied Waste Industries - \$1.1B, lead agent, 1998  
 Allied Waste Industries - \$7.0B, documentation agent, 1999  
 Canandaigua Wine - \$1.0B, syndication agent, 1999  
 Canandaigua Wine - \$200MM "B" Loan, lead agent, 1999

#### 5. PREFERRED STOCK

##### Investment Banking:

Hartford Fire Insurance - \$65MM Sinking Fund Preferred, sole manager, 1985  
 Hartford Fire Insurance - \$85MM LIBOR Preferred, sole manager, 1985  
 Hartford Fire Insurance - \$75MM Sinking Fund Preferred, sole manager, 1985  
 Hartford Fire Insurance - \$50MM Sinking Fund Preferred, sole manager, 1985  
 Rhône-Poulenc Rorer - \$175MM Auction Rate Preferred, co-manager, 1991  
 Bell Atlantic New Zealand Holdings - \$85MM Sinking Fund Preferred, sole manager, 1994  
 Ameritech New Zealand Holdings - \$85MM Sinking Fund Preferred, sole manager, 1994  
 Pitney Bowes International Holdings - \$200MM Variable Term Preferred, lead manager, 1995  
 Bell Atlantic New Zealand Holdings - \$60MM Sinking Fund Preferred, sole manager, 1995  
 Ameritech New Zealand Holdings - \$50MM Variable Term Preferred, sole manager, 1995  
 Pitney Bowes International Holdings - \$100MM Variable Term Preferred, lead manager, 1997

##### Capital Markets:

Arizona Public Service - \$50MM Sinking Fund Preferred, co-manager, 1991  
 Alcoa International Holdings - \$80MM Auction Rate Preferred, lead manager, 1991  
 Ratners Group - \$100MM Auction Rate Preferred, lead manager, 1991  
 Rochester G&E - \$30MM Sinking Fund Preferred, co-manager, 1991  
 Georgia P&L - \$50MM Sinking Fund Preferred, co-manager, 1991  
 Rhône-Poulenc Rorer - \$300MM Auction Rate Preferred, co-manager, 1991



**Exhibit 2**

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Southern California Edison - \$100MM Fixed Rate Perpetual Preferred, co-manager, 1992  
Houston L&P - \$100MM Auction Rate Preferred, lead manager, 1992  
Exxon Corporation - \$750MM SABRES Preferred, lead manager, 1992  
Hackensack Water - \$15MM Sinking Fund Preferred, sole agent, 1992  
Citicorp - \$175MM Fixed Rate Perpetual Preferred, co-manager, 1992  
Southern California Edison - \$100MM Sinking Fund Preferred, co-manager, 1992  
Southern California Edison - \$100MM Sinking Fund Preferred, lead manager, 1992  
Boston Gas - \$30MM Auction Rate Preferred, sole manager, 1992  
U.S. Bancorp - \$150MM Fixed Rate Perpetual Preferred, co-manager, 1992  
Lincoln National Income Fund - \$40MM Auction Rate Preferred, sole manager, 1992  
First Colony Insurance - \$80MM Auction Rate Preferred, lead manager, 1993

### Exhibit 3 Materials Considered

Third Circuit Court's Opinion in Cantor et al. v. Perelman et al. (Nos. 04-1790, 04-2896), July 12, 2005  
 Expert Report of Jeffrey L. Baliban, January 13, 2006  
 Expert Report of Andrew S. Carron, January 13, 2006  
 Expert Report of Lawrence Hamermesh, January 13, 2006  
 Expert Report of Robert W. Holthausen, March 15, 2002  
 Expert Rebuttal Report of Robert W. Holthausen, March 29, 2002  
 Expert Report of Bevis Longstreth, January 12, 2006  
 Expert Report of William H. Purcell, March 15, 2002  
 Expert Rebuttal Report of William H. Purcell, March 29, 2002  
 Supplement to the Expert Reports of William H. Purcell, April 9, 2002  
 Deposition of William Bevins and Exhibits, March 7, 2002  
 Deposition of Robert J. Bicknese and Exhibits, March 20, 2002  
 Deposition of Donald G. Drapkin and Exhibits, March 8, 2002  
 Deposition of Marc Kramer and Exhibits, March 19, 2002  
 Deposition of Ronald O. Perelman, March 22, 2002  
 Telephonic Interview of Irwin Engelman, February 16, 2006  
 Telephonic Interview of Gregory Woodland, February 24, 2006  
 Marvel Holdings Inc. Offering Memorandum, April 16, 1993  
 Marvel Holdings Inc. Prospectus, July 9, 1993  
 Marvel (Parent) Holdings Inc. Prospectus, October 13, 1993  
 Marvel III Holdings Inc. Offering Memorandum, February 8, 1994  
 Marvel III Holdings Inc. Prospectus, May 11, 1994  
 Marvel Holdings Inc. Senior Secured Discount Notes due 1998 and Series B Senior Secured Discount Notes due 1998 Indenture, April 15, 1993  
 Marvel (Parent) Holdings Inc. Senior Secured Discount Notes due 1998 Indenture, October 1, 1993  
 Marvel III Holdings Inc. 9 1/8% Senior Secured Notes due 1998 and 9 1/8% Series B Senior Secured Notes due 1998 Indenture, February 15, 1994  
 Marvel Entertainment Group - Flee Credit and Guarantee Agreement, September 17, 1992  
 Marvel Entertainment Group - Flee Amended and Restated Credit and Guarantee Agreement, August 30, 1994  
 Marvel Comics Italia and Marvel Entertainment Group Term Loan and Guarantee Agreement, August 30, 1994  
 Clark Oil & Refining Corporation Senior Notes Prospectus, September 16, 1992  
 Clark R&M Holdings, Inc. Senior Secured Zero Coupon Notes Prospectus, April 28, 1993  
 Coleman Worldwide Corp. LYONs Prospectus, May 20, 1993  
 Coleman Holdings, Inc. Senior Secured Discount Notes Prospectus, October 7, 1993  
 Coleman Holdings, Inc. Senior Secured Discount Notes Indentures, July 15, 1993  
 Comcast Discount Convertible Subordinated Debentures Prospectus Supplement, October 14, 1993  
 Comcast Step-up Convertible Subordinated Debentures Prospectus Supplement, September 3, 1993  
 Comcast Senior Subordinated Debentures Prospectus Supplement, January 8, 1993  
 EPIC Healthcare Group, Inc. Senior Subordinated Notes Prospectus, June 10, 1993  
 EPIC Holdings, Inc. Senior Deferred Coupon Notes Prospectus, March 18, 1992  
 Finlay Enterprises, Inc. Senior Discount Debentures Prospectus, May 20, 1993  
 Finlay Fine Jewelry Corporation Senior Notes Prospectus, May 19, 1993  
 Levitz Furniture Corporation Senior Notes Prospectus, December 4, 1992  
 LFC Holdings Corporation Senior Notes, December 3, 1992  
 Revlon Worldwide Corporation Series B Senior Secured Discount Notes Prospectus, April 2, 1993  
 Specialty Foods Corporation Series B Senior Notes and Senior Subordinated Notes Prospectus, September 16, 1993  
 Specialty Foods Corporation Senior Secured Discount Debentures Prospectus, September 16, 1993

Expert Report of Peter A. Fowler

### Exhibit 3 Materials Considered

Talley Manufacturing and Technology, Inc. Senior Notes and Senior Discount Debentures, October 15, 1993

Time Warner Inc. Liquid Yield Option Notes Prospectus Supplement, December 10, 1992

Time Warner Inc. Debentures Prospectus Supplement, January 7, 1993

Time Warner Inc. Notes Prospectus Supplement, January 20, 1993

USF&G Zero Coupon Convertible Subordinated Notes Prospectus Supplement to Prospectus dated February 4, 1994, February 25, 1994

USF&G Senior Notes Prospectus Supplement, June 23, 1994

Form 10-Q and 10-K filings for December 31, 1991 – November 30, 1995: Enquirer/Star Group, Inc., Hasbro, Inc., Marvel Entertainment Group, Inc., Mattel, Inc., Scholastic Corporation, The Topps Company, Inc., Tyco Toys, Inc.

U.S. Treasury data from Bloomberg, LP

Stock Price data from the University of Chicago's Center for Research in Stock Prices (CRSP)

High Yield, Convertible & Rule 144A debt offering data from Thomson Financial Securities Data (SDC)

Moody's and Standard & Poor's (S&P) debt ratings from Bloomberg, LP

Moody's Bond Survey ratings activity

Standard & Poor's Corporate Ratings Criteria 2006

Standard & Poor's CreditWeek ratings reports

S&P CreditWire Ratings Rationale - Marvel III Holdings, September 29, 1994 (DEF 006378)

"Funding Unaffected by Marvel Tender Amendment," Private Placement Reporter Vol. 3; No. 17; Pg. 4, May 3, 1993

"Marvel Sweeping into High Yield Market with \$200 Mil 144A," Private Placement Reporter Vol. 4; No. 28; Pg. 1, July 18, 1994

Marvel Entertainment Group, Inc. and Marvel Holdings, Inc. Confidential Ratings Agency Presentation, May 1993 (DEF 009545-009595)

Bear Sterns memo re: \$150 Million (Gross Proceeds) Offering of Senior Secured Discount Notes Due 2003 for Marvel (Parent) Holdings, Inc., July 23, 1993 (BS 035949-035960)

Bear Sterns memo re: Marvel (Parent) Holdings Inc. \$150 Million Public Offering of Senior Secured Discount Notes, September 14, 1993 (BS 036117-036131)

Bear Sterns memo re: \$125 Million Offering of Senior Secured Notes for Marvel III Holdings, Inc., January 21, 1994 (BS 035917-035935)

Bear Sterns memo re: Marvel III Holdings, Inc. \$125 Million 144A Offering of Senior Secured Notes, January 28, 1994 (BS 036103-036116)

Bear Sterns memo re: Marvel III Holdings, Inc. - \$125 Million Offering of Senior Secured Notes, February 14, 1994 (BS 035962-035992)

Bear Sterns memo re: \$200 Million Offering of Senior Notes due 2004 for Marvel Entertainment Group, Inc., July 8, 1994 (BS 035936-035948)

Bear Sterns memo re: Marvel Proposed Term Sheet, July 11, 1994 (BS 035853-035870)

Merrill Lynch memo to Leveraged Transactions Committee re: Marvel III Holdings Notes, January 23, 1994 (ML 007-0010)

Merrill Lynch memo to Leveraged Transactions Committee re: Marvel Holdings Rule 144A Private Placement, March 19, 1993 and attachments (ML 1439-1630)

Merrill Lynch analysis of Marvel Entertainment Group Interest Coverage, March 31, 1993 (2782-2785)

Merrill Lynch memo to Marvel Zeros Deal Team re: Wall Street Journal article, March 29, 1993 (ML 2836)

Merrill Lynch Presentation to Marvel Entertainment Group, Inc. Regarding Financing Alternative, February 28, 1995 (M-JB10 1175 - 1205)

Merrill Lynch memo re: Marvel Holdings Notes Collateral Coverage Analysis, November 8, 1996 (ML 3814-3818)

Marvel Entertainment Group, Inc. Presentation re: Marvel Holdings, Inc. Senior Secured Notes Offering, April 4, 1993 (ML 1139-1180)

Marvel Entertainment Group Presentation to Chemical Bank, Project Biz, March 1, 1993 (ML 2799-2809)

Marvel Entertainment Group Presentation to Bank Group, July 1994 (M-MEG7 0002-0056)

**Exhibit 3**  
**Materials Considered**

Marvel III Holdings Tentative Roadshow Schedule, January 31, 1994 (ML 3522-3526)  
Analyst Reports for Marvel Entertainment Group (BS039508-39519, BS039990-40017, DEF004975-4980,  
DEF006370-6375, DEF006381-6385, DEF009111-9121, DEF009128-9133, ML 1748-1751, ML 1867-1870,  
ML 2136-2138, ML 2145, ML 2631-2642, M-MEG5 2092-2097)  
McConnell, John J. and Eduardo S. Schwartz, *LYON Taming*, Journal of Finance Vol. XLI, No. 3, July 1986.

Exhibit 4

Debt Capacity Analysis for Marvel Entertainment  
For the Year-end 1993  
(\$ in millions)

		Weighted Average Cost of Debt		
		8%	9%	10%
EBITDA Multiple	8x	\$2,628.9	\$1,674.7	\$1,227.9
	10x	\$1,535.0	\$1,151.7	\$920.7
	12x	\$1,201.5	\$952.8	\$789.4

Note:  
These values represent the amount of debt Marvel could issue for an acquisition at various interest rates and EBITDA acquisition multiples without violating its interest coverage ratio of 2.0x.

# Exhibit 4

## Marvel Entertainment Group

### Debt Capacity Analysis as of December 31, 1993

(\$ in millions)

Based on Year-end 1993 Financial Data										
Debt Capacity (EBITDA coverage)	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]	
[A] Additional amount of debt	\$2,628.9	\$1,674.7	\$1,227.9	\$1,535.0	\$1,151.7	\$920.7	\$1,201.5	\$952.8	\$789.4	
Actual LTM EBITDA	121.3	121.3	121.3	121.3	121.3	121.3	121.3	121.3	121.3	
Actual LTM Interest	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6	14.6	
Total Debt	250.2	250.2	250.2	250.2	250.2	250.2	250.2	250.2	250.2	
Total Debt/EBITDA	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	2.1	
Additional EBITDA	328.6	209.3	153.5	153.5	115.2	92.1	100.1	79.4	65.8	
Additional interest	210.3	150.7	122.8	122.8	103.7	92.1	96.1	85.8	78.9	
Additional Debt	2,628.9	1,674.7	1,227.9	1,535.0	1,151.7	920.7	1,201.5	952.8	789.4	
Pro Forma										
Debt/EBITDA	6.4	5.8	5.4	6.5	5.9	5.5	6.6	6.0	5.6	
Pro Forma EBITDA/Interest	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	

#### Notes:

[A] Marvel could issue debt for an acquisition at interest rates of 8%, 9%, and 10% at EBITDA multiples of 8x, 10x, and 12x without violating its interest coverage ratio.

Assumptions	[A]	[B]	[C]	[D]	[E]	[F]	[G]	[H]	[I]
EBITDA acquisition multiple	8.0	8.0	8.0	10.0	10.0	10.0	12.0	12.0	12.0
Weighted average cost of debt	8%	9%	10%	8%	9%	10%	8%	9%	10%

# Exhibit 4

## Marvel Entertainment Group

### Debt Capacity Analysis (4Q'1992 - 4Q'1994)

(\$ in millions)

	1992				1993				1994			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
[A] LTM EBITDA Coverage												
Senior Secured Note Covenant	2.0x	2.0x	2.0x	2.0x	2.0x	2.0x	2.0x	2.0x	2.0x	2.0x	2.0x	2.0x
Actual ratio				10.6x	7.9x	7.2x	7.1x	8.3x	9.5x	9.8x	9.9x	8.2x
[B] Debt Capacity (EBITDA coverage)												
Additional amount of debt				\$700.0	\$794.7	\$927.7	\$1,019.8	\$1,151.8	\$1,193.2	\$1,152.0	\$1,270.8	\$1,284.3
Actual LTM EBITDA				69.0	84.9	102.8	113.6	121.3	121.0	115.7	127.4	135.7
Actual LTM Interest				6.5	10.7	14.3	16.0	14.6	12.8	11.8	12.9	16.5
Total Debt				236.2	215.2	223.7	250.7	250.2	245.2	240.2	398.9	384.3
Total Debt/EBITDA				3.4	2.5	2.2	2.2	2.1	2.0	2.1	3.1	2.8
Additional EBITDA				70.0	79.5	92.8	102.0	115.2	119.3	115.2	127.1	128.4
Additional interest				63.0	71.5	83.5	91.8	103.7	107.4	103.7	114.4	115.6
Additional Debt				700.0	794.7	927.7	1,019.8	1,151.8	1,193.2	1,152.0	1,270.8	1,284.3
Pro Forma Debt/EBITDA				-6.7	6.1	-5.9	-5.9	-5.9	6.0	6.0	6.6	6.3
Pro Forma EBITDA/Interest				2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
[C] Amount of Debt that could be raised at the end of the quarter with the income distributed to shareholders and not violate the EBITDA coverage covenant.				\$311.1	\$353.1	\$412.4	\$453.1	\$511.7	\$530.0	\$511.7	\$564.4	\$570.6

## Notes:

- [A] LTM EBITDA coverage senior secured note covenant on a quarterly basis compared to Marvel's actual interest coverage ratio on a quarterly basis.
- [B] Marvel could issue debt at its existing interest rate to fund an acquisition of this size without violating its interest coverage ratio.
- [C] The additional amount of debt Marvel could raise in a given quarter with the additional income distributed to shareholders and not violate its LTM EBITDA coverage ratio.

## Assumptions

EBITDA acquisition multiple	10
Weighted average cost of debt	9%



Exhibit 5  
Comparable Company Credit Analysis - Financial Summary  
1992-1994  
(\$ in millions)

	Marvel Entertainment Group				Hasbro		Mattel		Tyco Toys		Topps		Enquirer		Scholastic							
	1992	1993	1994	1994	1992	1993	1994	1994	1992	1993	1994	1992	1993	1994	1992	1993						
Income Statement																						
Revenue	\$223.8	\$415.2	\$514.8	\$2,541.1	\$2,747.2	\$2,670.3	\$2,563.5	\$2,704.4	\$3,205.0	\$768.6	\$730.2	\$753.1	\$263.2	\$268.0	\$265.4	\$315.3	\$275.4	\$300.0	\$315.3	\$552.3	\$631.6	\$749.9
EBITDA	69.0	121.3	136.3	423.9	455.7	444.6	184.8	391.2	573.4	62.2	(26.5)	32.3	37.5	51.3	33.1	117.8	107.2	116.7	117.8	54.9	63.2	77.7
EBIT	63.2	109.0	121.4	328.3	355.0	322.4	97.0	299.3	449.1	44.3	(58.7)	0.1	32.8	46.2	27.8	82.8	72.1	82.6	82.8	49.1	55.6	67.7
Net Income	32.6	56.0	61.8	179.2	200.0	175.0	184.8	117.2	255.8	18.0	(69.9)	(35.0)	19.0	26.6	15.7	19.4	27.8	27.8	11.8	28.1	24.8	38.6
Cash	10.6	17.0	18.1	126.0	186.3	137.0	295.2	225.7	259.7	51.2	32.0	30.5	13.8	27.7	17.8	6.3	5.9	7.6	6.3	4.1	4.1	3.7
Total Debt	225.8	250.5	391.6	498.9	467.9	435.8	534.3	514.0	548.5	198.3	285.1	258.0	6.0	0.0	0.0	446.3	377.8	334.0	446.3	13.7	45.9	96.6
Total Equity	84.7	147.3	243.0	1,105.6	1,276.7	1,395.4	748.4	817.8	1,085.7	335.2	277.4	296.2	54.4	67.0	73.9	37.0	301.8	321.3	37.0	153.5	205.8	250.2
Total Capitalization	1,213.7	2,664.5	1,423.8	2,833.1	3,178.0	2,551.9	2,430.5	3,703.8	4,484.5	410.9	290.4	195.2	647.0	329.3	241.1	333.6	352.8	371.4	333.6	476.4	637.6	749.5
Ratings <sup>1,2</sup>																						
Moody's				A2	A2	A2	Baa3	Baa2	Baa1	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
S&P Senior Debt		NR	NR	Baa1	Baa1	A	Baa3	BBB+	BBB+	N/A	B+	B				B				NR		
Coverage Ratios																						
Debt/EBITDA	3.4	2.1	2.8	0.6	0.6	0.5	2.2	1.1	0.6	3.7	(10.0)	7.0	0.3	0.0	0.0	4.9	3.4	2.8	4.9	0.2	0.7	1.3
EBITDA Coverage	10.6	8.3	8.0	11.8	15.3	14.4	2.7	6.2	10.3	4.4	(1.1)	1.0	2883.9	326.5	71.7	3.1	3.3	4.1	3.3	24.3	22.1	14.4
EBIT Coverage	9.7	7.5	7.1	9.1	11.9	10.5	1.4	4.8	8.1	3.1	(2.4)	0.0	2523.1	294.5	60.4	2.3	2.2	2.9	2.3	21.7	19.5	12.5

Ratings<sup>1,2</sup>

Moody's  
S&P Senior Debt

Coverage Ratios

Debt/EBITDA

EBITDA Coverage

EBIT Coverage

Source: All Income and Balance Sheet items are from the companies' 10-Q and 10-K filings. Total Capitalization is from the Center for Research in Securities Prices (CRISP) at the University of Chicago's Business School. Ratings from Bloomberg and Moody's/S&P Credit Reports.

Note:

<sup>1</sup> Ratings for Moody's are based on their Senior Unsecured Debt rating for each company and ratings for S&P are based on S&P's LT Local Issuer Credit rating. NR = not rated; N/A = rating not available.

<sup>2</sup> No ratings were issued for Marvel Entertainment Group. However, the Marvel Holding Notes were rated by Moody's/S&P as follows: Marvel Holding Inc. and Marvel (Parent) Holdings (83/B, August 1993) and Marvel III Holdings (Caa/B, June 1994).

**Exhibit 6**  
**Holding vs. Operating Co. Debt Issuance Comparison - Talley**

	Talley Industries (Holdings) Sr. Discount Debentures	Talley Mftg. & Tech. Senior Notes
<u>Issuance Data:</u>		
Prospectus Date	10/15/1993	10/15/1993
Issuance Date	10/15/1993	10/15/1993
Maturity Date	10/15/2005	10/15/2003
Time to Maturity Date (Years)	12.0	10.0
Issue Price	\$553.12	\$1,000.00
Accreted Value at Maturity Date	\$126,555,000	\$115,000,000
Issuance Price	\$70,000,000	\$115,000,000
Coupon	-No interest accrues until 10/15/1998	10.75%
Yield	12.25%	10.75%
S&P Rating	B-	B
Moody's Rating	B2	B2
<u>Other Information:</u>		
Common Shares pledged (#)	-All stock and intercompany debt of operating co. (Tally Mftg)	-All stock and intercompany debt of subsidiary (Talley Technolodgy) .
Ownership of Operating Co. stock	-100%	-100%
Share Price on Prospectus Date	-Not publicly traded	-Not publicly traded
Use of Proceeds	-Repay outstanding debt and purchase preferred stock of Talley Mftg.	-Repay debt of Talley Mftg and its subsidiaries.
Optional Redemption?	-After 5 years, at set rates; before 3 years up to 35% at set rates.	-After 5 years, at set rates; before 3 years up to \$15M at set rates.
Tax sharing agreement between Holding and Operating Co.?	-Yes	
Holding Co.'s covenants place restrictions on Operating Co.?	-Yes	
Holding Co.'s covenants require it to maintain certain ownership % in Operating Co.?	-Yes. Covenants require that Holdings must continue to own all of the capital stock of Oper.	
Key Terms/Covenants	- No mandatory sinking fund payments.  -Limits ability of Holdings and its subsidiaries to engage in certain material business operations or activities, to pay dividends or make certain restricted payments, to incur additional indebtedness, to encumber, transfer, lease or dispose of assets, to enter into certain transactions with affiliates or to merge or consolidate.	- Mandatory sinking fund payments to pay down 30% of principal by 2002. -Limits ability to pay dividends to Holdings or make certain other restricted payments, to incur additional indebtedness, to encumber assets, to enter into certain transactions with affiliates, to merge or consolidate or to transfer, lease or dispose of its assets.

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Sources: Data obtained from debt offering prospectus and/or SDC database.

**Exhibit 6**  
**Holding vs. Operating Co. Debt Issuance Comparison - Finlay**

	Finlay Enterprises, Inc. (Holding Co.) Sr. Discount Debentures	Finlay Fine Jewelry Corp. Senior Notes
<u>Issuance Data:</u>		
Prospectus Date	5/19/1993	5/19/1993
Issuance Date	5/1/1993	5/1/1993
Maturity Date	5/1/2005	5/1/2003
Time to Maturity Date (Years)	12.0	10.0
Issue Price	\$562.93	\$1,000.00
Accreted Value at Maturity Date	\$98,000,000	\$135,000,000
Issuance Price	\$55,167,140	\$135,000,000
Coupon	-No interest accrues until 5/1/1998	10.625%
Yield	12.00%	10.625%
S&P Rating	B-	B
Moody's Rating	B2	B1
<u>Other Information:</u>		
Common Shares pledged (#)	-All of stock and intercompany debt of operating co. (Finlay Fine Jewelry)	-Unsecured
Ownership of Operating Co. stock	-Finlay Enterprises to hold substantially all of Oper. Co. common stock following transaction.	
Share Price on Prospectus Date	-Not publicly traded	
Use of Proceeds	-Repurchase preferred stock and warrants and repay outstanding debt.	-Repurchase preferred stock and warrants and repay outstanding debt.
Optional Redemption?	-After 5 years, at set rates.	-After 5 years, at set rates.
Tax sharing agreement between Holding and Operating Co.?	-Yes	
Holding Co.'s covenants place restrictions on Operating Co.?	-Yes	
Holding Co.'s covenants require it to maintain certain ownership % in Operating Co.?	-Yes. Change of Control triggered if Holding Co. owns less than 100% of Oper. Co., which allows note holders to put their notes back to Holding Co.	
Key Terms/Covenants	-Limits ability of Holdings and its subsidiaries to engage in certain material business operations or activities, to pay dividends or make certain restricted payments, to incur additional indebtedness, to encumber, transfer, lease or dispose of assets, to enter into certain transactions with affiliates or to merge or consolidate	- Limits ability of Oper. Co. and its subsidiaries to pay dividends, repurchase stock or make certain other restricted payments, to incur additional indebtedness, to create certain liens, to enter into certain transactions with affiliates, to merge or consolidate.

Sources: Data obtained from debt offering prospectus and/or SDC database.

**Exhibit 6**  
**Holding vs. Operating Co. Debt Issuance Comparison - Specialty Foods**

	Specialty Foods Acquisition Corp. (Holding Co.) Sr. Secured Discount Debentures	Specialty Foods Corp. Senior Subordinated Notes
<u>Issuance Data:</u>		
Prospectus Date	9/16/1993	9/16/1993
Issuance Date	8/2/1993	8/2/1993
Maturity Date	8/15/2005	8/15/2003
Time to Maturity Date (Years)	12.0	10.0
Issue Price	\$475.14	\$1,000.00
Accreted Value at Maturity Date	\$319,250,000	\$200,000,000
Issuance Price	\$151,688,000	\$200,000,000
Coupon	-No interest accrues until 8/15/1999	11.25%
Yield	13.0%	11.25%
S&P Rating	NR	NR
Moody's Rating	NR	NR
<u>Other Information:</u>		
Type of collateral	-All stock and intercompany debt of operating co. (Specialty Foods Corp., or SFC)	-Unsecured
Ownership of Operating Co. stock	-Holdings owns 100% of SFC common stock.	
Share Price on Prospectus Date	-N/A	
Use of Proceeds	-Acquisition of eight independent businesses that form new company, Specialty Foods Corp.	-Repurchase preferred stock and warrants and repay outstanding debt.
Optional Redemption?	-After 8/15/99, at set rates.	-After 8/15/99, at set rates.
Tax sharing agreement between Holding and Operating Co.?	-Yes	
Holding Co.'s covenants place restrictions on Operating Co.?	-Yes	
Holding Co.'s covenants require it to maintain certain ownership % in Operating Co.?	-Yes. Change of Control triggered if Holding Co. owns less than 100% of Oper. Co., which allows note holders to put their notes back to Holding Co.	
Key Terms/Covenants	-Limits ability of Holdings and its subsidiaries to pay dividends or make certain restricted payments, to incur additional indebtedness or issue preferred stock, to create liens, make asset sales, to enter into certain transactions with affiliates or to merge, consolidate or sell all or substantially all of their assets.	- Limits ability of Oper. Co. and its subsidiaries to pay dividends, repurchase stock or make certain other restricted payments, to incur additional indebtedness, to create certain liens, to enter into certain transactions with affiliates, to merge or consolidate.

Sources: Data obtained from debt offering prospectus and/or SDC database.

## Exhibit 6

## Holding vs. Operating Co. Debt Issuance Comparison - Clark

	Clark R&M Holdings, Inc. (Holding Co.) Sr. Secured Zero Coupon Notes	Clark Oil & Refining Corp. Senior Notes
<u>Issuance Data:</u>		
Prospectus Date	4/28/1993	9/15/1992
Issuance Date	4/23/1993	9/15/1992
Maturity Date	2/15/2000	9/14/2004
Time to Maturity Date (Years)	6.8	12.0
Issue Price	\$472.85	\$1,000.00
Accreted Value at Maturity Date	\$264,000,000	\$175,000,000
Issuance Price	\$124,832,400	\$175,000,000
Coupon	0.00%	9.50%
Yield	11.00%	9.50%
S&P Rating	BB	BB+
Moody's Rating	Ba3	Ba2
<u>Other Information:</u>		
Common Shares pledged (#)	-Pledge of all outstanding shares of capital stock owned by company in each of its subsidiaries.	-Unsecured
Ownership of Operating Co. stock	-100%	
Share Price on Prospectus Date	-N/A	
Use of Proceeds	-Not provided.	-General corporate purposes
Optional Redemption?	-Not unless change of control or issuance of capital stock.	-After 9/15/97, at set rates.
Tax sharing agreement between Holding and Operating Co.?	-Yes	
Holding Co.'s covenants place restrictions on Operating Co.?	-Yes	
Holding Co.'s covenants require it to maintain certain ownership % in Operating Co.?	-Yes. Restricts mergers unless full ownership of Oper. Co. transferred to successor.	
Key Terms/Covenants	- No mandatory sinking fund payments.  -Limits ability of Holdings and its subsidiaries to make restricted payments, enter into certain transactions with affiliates, engage in speculative futures and options trading, incur indebtedness, consolidate or merge or transfer or lease all or substantially all of its assets, or sell capital stock and certain assets. Also contains a minimum Net Worth covenant, which if violated triggers obligation to make offer to repurchase specified amounts this debt offering.	- Mandatory sinking fund payment of \$87.5 million on 9/15/03. - Limits ability of Oper. Co. and its subsidiaries to incur indebtedness, pay dividends or to make distributions in respect to its capital stock or to make certain other restricted payments, to create liens, to consolidate or merge or transfer or lease all or substantially all of its assets, to enter into certain transactions with affiliates, to enter into sale and leaseback transactions, to sell capital stock of its subsidiaries and certain assets or to engage in speculative futures and options trading. Also contains a minimum Net Worth covenant, which if violated triggers obligation to make offer to repurchase specified amounts this debt

Sources: Data obtained from debt offering prospectus and/or SDC database.

**Exhibit 6**  
**Holding vs. Operating Co. Debt Issuance Comparison - Levitz**

	LFC Holding Corp. (Holding Co.) Sr. Deferred Coupon Debentures and Warrants	Levitz Furniture Corp. Senior Notes
<u>Issuance Data:</u>		
Prospectus Date	12/4/1992	12/4/1992
Issuance Date	12/4/1992	12/4/1992
Maturity Date	6/15/2002	4/15/1997
Time to Maturity Date (Years)	9.5	4.4
Issue Price	\$520.54	\$1,000.00
Accreted Value at Maturity Date	\$115,005,000	\$115,000,000
Issuance Price	\$59,864,325	\$115,000,000
Coupon	-No interest accrues until 6/15/1997	12.375%
Yield	15% without exercise of Warrants; 18.14% with exercise of	12.375%
S&P Rating	CCC+	B-
Moody's Rating	B3	B1
<u>Other Information:</u>		
Common Shares pledged (#)	-Unsecured	-Unsecured
Ownership of Operating Co. stock	-Holdings owns substantially all of Levitz common stock.	
Share Price on Prospectus Date	-Not publicly traded	
Use of Proceeds	-Proceeds to be contributed to Oper. Co. and used to repay its existing indebtedness.	-Repurchase preferred stock and warrants and repay outstanding debt.
Optional Redemption?	-After 8/15/99, at set rates.	-After 8/15/99, at set rates.
Tax sharing agreement between Holding and Operating Co.?	-Not mentioned in prospectus.	
Holding Co.'s covenants place restrictions on Operating Co.?	-Yes	
Holding Co.'s covenants require it to maintain certain ownership % in Operating Co.?	-Yes. Change of Control triggered if Holding Co. owns less than a majority of voting shares of Oper. Co., which allows note holders to put their notes back to Holding	
Key Terms/Covenants	-Limits ability of Holdings and its subsidiaries to pay dividends or make certain restricted payments, to incur additional indebtedness, to encumber assets, to enter into certain transactions with affiliates or to merge, consolidate or to transfer or lease its assets.	- Limits ability of Oper. Co. to pay dividends or make certain restricted payments, to incur additional indebtedness, to encumber assets, to enter into certain transactions with affiliates or to merge, consolidate or to transfer or lease its assets.

Sources: Data obtained from debt offering prospectus and/or SDC database.

**Exhibit 6**  
**Holding vs. Operating Co. Debt Issuance Comparison - EPIC**

	EPIC Holdings, Inc. (Holding Co.) Sr. Deferred Coupon Notes	EPIC Healthcare Group, Inc. Sr. Subordinated Notes
<u>Issuance Data:</u>		
Prospectus Date	3/18/1992	6/10/1993
Issuance Date	3/18/1992	6/10/1993
Maturity Date	3/15/2002	6/1/2003
Time to Maturity Date (Years)	10.0	10.0
Issue Price	\$560.21	\$1,000.00
Accreted Value at Maturity Date	\$250,000,000	\$160,000,000
Issuance Price	\$140,052,500	\$160,000,000
Coupon	-No interest accrues until 3/16/1997	10.875%
Yield	12.0%	10.875%
S&P Rating	CCC+	CCC+
Moody's Rating	B3	B3
<u>Other Information:</u>		
Common Shares pledged (#)	-Unsecured	-Unsecured
Ownership of Operating Co. stock	-Following sale of these notes, Holdings owns 100% of EPIC Healthcare common stock.	
Share Price on Prospectus Date	-Not publicly traded.	
Use of Proceeds	-Repurchase Holdings preferred stock and for general corporate purposes.	-Repurchase existing debt.
Optional Redemption?	-At any time at 100% of principal plus accrued interest.	-After 6/1/98, at set rates.
Tax sharing agreement between Holding and Operating Co.?	-Not mentioned in prospectus. Oper. Co. prospectus states that Holding Co. interest and principal repayment to be funding by dividends from Oper.	
Holding Co.'s covenants place restrictions on Operating Co.?	-Yes	
Holding Co.'s covenants require it to maintain certain ownership % in Operating Co.?	-Yes. Change of Control triggered if Holding Co. owns less than 100% of Oper. Co., which allows note holders to put their notes back to Holding Co.	
Key Terms/Covenants	-Limits ability of Holdings and its subsidiaries to pay dividends or make certain restricted payments, to incur additional indebtedness, to enter into certain transactions with affiliates or to merge, consolidate or to transfer all or substantially all of its assets.	- Limits ability of Oper. Co. and its subsidiaries to pay dividends or to repurchase capital stock, to incur additional indebtedness or liens, to redeem subordinated debt prior to maturity, to enter into certain transactions with affiliates or to merge, consolidate or to transfer or lease its assets.

Sources: Data obtained from debt offering prospectus and/or SDC database.



**Exhibit 7**  
**Collateralization of Marvel and Coleman Debt Issuances**

Company	Deal	[A] Prospectus Date	[B] Value at Issuance	[C] Value at Maturity	[D] Share Price on Prospectus Date	[E] Common Shares pledged as Security (#)	[F] Value of Collateral at issuance	[G] Ratio of collateral to debt value at issuance	[H] Ratio of Value of Collateral at issuance to Value at Maturity	[I] Value of collateral needed to provide ratio of 1:1 at maturity	[J] Stock price needed to provide 1:1 ratio at maturity
Marvel	Marvel Holdings' Sr. Secured Discount Notes	4/16/1993	\$300,000,247	\$517,447,000	\$12.31	48,000,000	\$591,000,000	2.0	1.1	\$517,447,000	\$10.78
Marvel	Marvel Parent Holdings' Sr. Secured Discount Notes	10/13/1993	147,639,348	251,678,000	\$23.19	20,000,000	463,750,000	3.1	1.8	251,678,000	\$12.58
Marvel	Marvel III Holdings' Senior Secured Notes	2/8/1994	125,000,000	125,000,000	\$26.88	9,302,326	250,000,011	2.0	2.0	125,000,000	\$13.44
Coleman	LYONs (assuming effective maturity of 5 years)	5/20/1993	120,335,000	171,805,000	\$27.00	7,220,000	194,940,000	1.6	1.1	171,805,000	\$23.80
Coleman	Senior Secured Discount Notes	7/15/1993	168,349,491	281,281,000	\$26.13	13,000,000	339,625,000	2.0	1.2	281,281,000	\$21.64

Notes:

- [A] Debt offering prospectus.  
 [B] Debt offering prospectus.  
 [C] Debt offering prospectus.  
 [D] Debt offering prospectus and/or CRSP.  
 [E] Debt offering prospectus.  
 [F] [D] x [E]  
 [G] [F]/[B]  
 [H] [F]/[C]  
 [I] [C]  
 [J] [I]/[E]

**Exhibit 8**  
**Overview of MacAndrew & Forbes Debt Issues: 1992-1994**

(Dollars in Millions)											
Issue Date	Entity	Issue	Coupon	Offer Yield at Issuance	Amount Issued	Face Amount Outstanding	Maturity	Next Call	Ratings (Moody's/ S&P)	Original Sinking Fund Requirement	Current Optional Redemption Price
Indebtedness at Coleman Holdings Inc. and Coleman Worldwide											
7/22/1992	Coleman Holdings	Sr. Sec. Disc. Notes	0.000%	10.875%	\$168.3	\$281.3	5/27/1998	7/15/1996	NR/B	No	Non-Redeemable
5/20/1993	Coleman Worldwide	LYONs	0.000%	7.250%	138.4	575.0	5/27/2013	5/27/1998	B2/B	No	Non-Redeemable
						\$856.3					
Indebtedness at Marvel III Holdings, Marvel (Parent) Holdings and Marvel Holdings											
8/3/1993	Marvel (Parent) Holdings	Sr. Sec. Disc. Notes	0.000%	12.250%	\$147.6	\$251.7	4/15/1998	2/13/1995	B3/B	No	100.0%
4/16/1993	Marvel Holdings	Sr. Sec. Disc. Notes	0.000%	11.250%	300.0	517.4	4/15/1998	2/13/1995	B3/B	No	100.0%
6/6/1994	Marvel III Holdings	Sr. Sec. Notes	9.125%	9.125%	125.0	125.0	2/15/1998	10/15/1996	Caa/B	No	Non-Redeemable
						\$894.1					
Indebtedness at Revlon											
5/13/1993	Revlon Consumer Products	Sr. Sub Notes	10.500%	10.500%	\$555.0	\$555.0	2/15/2003	2/15/1998	B3/B-	No	Non-Redeemable
5/27/1993	Revlon Consumer Products	Sr. Notes	9.500%	10.001%	195.6	200.0	6/1/1999	NCL	B2/B	No	Non-Redeemable
5/13/1993	Revlon Consumer Products	Sr. Notes	9.375%	N/A	254.7	260.0	4/1/2001	4/1/1998	B2/B	No	Non-Redeemable
7/9/1980	Revlon Inc. (a)	Debs	10.875%	11.004%	197.8	85.0	7/15/2010	2/13/1995	B2/B+	7/91-07/09; \$9.0	102.9%
3/18/1993	Revlon Worldwide	Sr. Sec. Disc. Notes	0.000%	12.002%	625.0	1,115.8	3/15/1998	2/13/1995	B3/B-	No	100.0%
						\$2,215.8					
Indebtedness at New World Communications											
12/1/1994	New World Communications Group	Sr. Disc. Notes	0.000%	13.500%	\$220.0	\$420.5	6/15/1999	2/13/1995	Caa/B	No	100.0%
5/25/1993	SCI Television	Step-Up Notes	7.500% (b)	N/A	250.0	250.0	6/30/1998	2/13/1995	NR	12/94-12/97; \$10.0	100.0%
5/25/1993	SCI Television	Sr. Notes	11.000%	N/A	374.0	374.0	6/30/2005	6/30/1996	B3/BB-	12/97-6/98; \$15.0	Non-Redeemable
						\$1,044.5				6/04-06/05; \$187.0	
Indebtedness at Consolidated Cigar Corp											
2/24/1993	Consolidated Cigar	Sr. Sub Notes	10.500%	10.500%	\$90.0	\$90.0	3/1/2003	3/1/2008	B3/B	No	Non-Redeemable
					Total	\$5,100.7					

Source: Merrill Lynch Presentation to Marvel Entertainment Group, Inc. Regarding Financing Alternatives, February 28, 1995 (M-JB10 1187).

(a) Mandatory sinking fund requirements satisfied until 2005.

(b) Security has multiple coupons: 7.5% until 5/25/96, 8.5% until 5/25/97 and 9.5% until 6/30/98.

**Exhibit 9**  
**Comparison of Coleman Worldwide and Coleman Holdings Debt Issuances**  
**Summary of Terms**

	LYONs	Senior Secured Discount Notes
<u>Issuance Data:</u>		
Original Prospectus Date	5/20/1993	7/15/1993
Settlement Date	5/27/1993	7/22/1993
Maturity Date	5/27/2013	5/27/1998
Effective Maturity Date	5/27/1998	5/27/1998
Time to Maturity Date (Years)	20.0	4.8
Time to Effective Maturity Date (Years)	5.0	4.8
Issue Price	\$240.67	\$598.51
Price per Note at Effective Maturity	\$343.61	\$1,000.00
Number of notes issued	500,000	281,281
Accreted Value at Maturity Date	\$500,000,000	\$281,281,000
Accreted Value at Effective Maturity Date	\$171,805,000	\$281,281,000
Issuance Price	\$120,335,000	\$168,349,491
Transaction Cost	\$3,610,000	NA
Expenses Payable by Issuer	\$1,025,000	NA
Net Proceeds to Issuer	\$115,700,000	NA
Coupon	0.00%	0.00%
Yield	7.25%	10.875%
S&P Rating	B	B
Moody's Rating	B2	NR
5 Year Treasury	6.09%	5.22%
Spread to Treasury	1.16%	5.66%
<u>Collateral Data:</u>		
Common Shares (Entity)	Coleman Co.	Coleman Worldwide
Share Price on Prospectus Date	\$27.00	\$26.13
Common Shares pledged as Security (#)	7,220,000	13,000,000
Exchange Rate (# shares per note)	7.853	NA

Sources: Data obtained from debt offering prospectus, CRSP, Bloomberg and/or SDC database.

**Exhibit 10****Estimate of the Error in Mr. Carron's Yields for Coleman LYONs and Marvel Holding Company Hypothetical LYONs**

<u>LYONs Issuance Data</u>	<u>Coleman</u>	<u>Holdings</u>	<u>Parent</u>	<u>III</u>
Prospectus Date	5/20/1993	4/16/1993	10/13/1993	2/8/1994
Settlement Date	5/27/1993	4/22/1993	10/20/1993	2/15/1994
Effective Maturity Date	5/27/1998	4/15/1998	4/15/1998	2/15/1998
Net Proceeds to Issuer	\$120,335,000	\$327,809,728	\$194,912,030	\$130,742,792
Accredited Value at Effective Maturity Date	\$171,805,000	\$517,447,000	\$251,678,000	\$178,614,898
Coupon	0.00%	0.00%	0.00%	0.00%
Time to Effective Maturity (Years)	5.00	4.98	4.49	4.00
Shares as Collateral	7,220,000	48,000,000	20,000,000	9,302,326
Share Price on Prospectus Date	\$27.000	\$12.313	\$23.313	\$26.875
Number of LYONS	500,000	517,447	251,678	178,615
Price per LYON at Issuance	\$240.7	\$633.5	\$774.5	\$732.0
Price per LYON at Redemption	\$343.61	\$1,000	\$1,000	\$1,000
<u>Collateralized Debt Calculation</u>				
Spread to Swap Curve	2.13%	2.13%	2.13%	2.13%
Swap Rate	5.55%	5.30%	4.72%	5.34%
Assumed Discount Rate	7.68%	7.43%	6.85%	7.47%
Value of Debt Component	\$117,862,671	\$359,748,567	\$186,028,247	\$133,225,921
<u>Put Option</u>				
Strike Price	\$23.80	\$10.78	\$12.58	\$19.20
Price per Put	\$4.97	\$4.07	\$2.36	\$4.25
Number of Puts	7,220,000	48,000,000	20,000,000	9,302,326
Value of All Put Options	\$35,906,031	\$195,579,899	\$47,123,805	\$39,527,160
Theoretical Debt Proceeds <sup>1</sup>	\$81,956,640	\$164,168,668	\$138,904,442	\$93,698,761
Theoretical Issue Price <sup>2</sup>	\$163.91	\$317.27	\$551.91	\$524.59
Theoretical Yield <sup>3</sup>	15.37%	24.43%	13.70%	16.80%
Swap Rate	5.55%	5.30%	4.72%	5.34%
Theoretical Spread to Swap Rate <sup>4</sup>	9.82%	19.13%	8.98%	11.46%
Actual Yield	10.875%	11.25%	12.25%	9.125%
Swap Rate	5.55%	5.30%	4.72%	5.34%
Actual Spread to Swap Rate <sup>5</sup>	5.33%	5.95%	7.53%	3.79%
Theoretical Debt Proceeds/ Net Proceeds to Issuer	68.11%	50.08%	71.27%	71.67%
Total Error in Debt Yield:				
Theoretical Spread - Actual Spread	4.49%	13.18%	1.45%	7.67%

Source: All data is taken directly from Exhibit 6 of the Expert Report of Andrew S. Carron unless otherwise indicated.

<sup>1</sup> Theoretical Proceeds = Value of Debt Component - Value of All Put Options.

<sup>2</sup> Theoretical Issue Price = Theoretical Proceeds / Number of LYONs.

<sup>3</sup> Calculated yield base on Theoretical Issue Price above.

<sup>4</sup> Theoretical Spread to Swap Rate = Theoretical Yield - Swap Rate.

<sup>5</sup> Actual Spread to Swap Rate = Theoretical Yield - Swap Rate.

**Exhibit 11**  
**Coleman Worldwide LYONs Analysis**

**Coleman Senior Secured Notes**<sup>1</sup>

Settlement Date	7/22/1993
Effective Maturity Date	5/27/1998
Issue Price	\$598.51
# of Bonds	281,281
Accredited Value at Effective Maturity Date	\$281,281,000
Coupon	0.00%
Time to Effective Maturity (Years)	4.85
Price at Effective Maturity	\$1,000
Proceeds	\$168,349,491
Yield	10.875%
5 Year US Treasury <sup>2</sup>	5.22%
Spread to Treasury	5.66%
Shares as Collateral	7,220,000
Value of Collateral	\$194,940,000
Collateralization @ Issuance	1.16x
Collateralization @ Maturity	0.69x

**Debt Value (assuming same spread)**

Settlement Date	5/27/1993
Effective Maturity Date	5/27/1998
Issue Price	\$240.67
# of Bonds	500,000
Accredited Value at Effective Maturity Date	\$171,805,000
Coupon	0.00%
Time to Effective Maturity (Years)	5.00
Price at Effective Maturity	\$344
Proceeds	\$120,335,000
5 Year Treasury <sup>2</sup>	5.35%
Spread to Treasury	5.66%
Debt Component Yield	11.01%
Debt Component Price	\$201.02
Debt Component Proceeds	\$100,512,266

**Implied Option Value**

Option Proceeds	\$19,822,734
# of Options	3,926,500
Option Price	\$5.0484
Stock Price	\$27.00
Strike Price	\$43.76
Conversion Factor	7.853
Risk Free Rate	5.35%
Volatility	29.81%

Debt Component	83.53%
Equity Component	16.47%

<sup>1</sup> Coleman Holdings, Inc. Senior Secured Discount Notes Prospectus, October 7, 1993

<sup>2</sup> 5 Year US Treasury yield from Bloomberg.

**Exhibit 11**  
**Coleman Worldwide LYONs Analysis**

**Coleman LYONS**<sup>1</sup>

Settlement Date	5/27/1993
Effective Maturity Date	5/27/1998
Issue Price	\$240.67
# of Bonds	500,000
Accredited Value at Effective Maturity Date	\$171,805,000
Coupon	0.00%
Time to Effective Maturity (Years)	5.00
Price at Effective Maturity	\$344
Proceeds	\$120,335,000
Yield	7.25%

**Option Value**

Stock Price	\$27.00
Strike Price	\$43.76
Conversion Factor	7.853
Risk Free Rate <sup>1</sup>	5.35%
Volatility <sup>2</sup>	31.39%
Option Price	\$5.4300
# of Options	3,926,500
Option Proceeds	\$21,320,764

**Implied Debt Value**

Debt Proceeds	\$99,014,236
# of Bonds	500,000
Price per Bond	\$198.03
Yield	11.33%

Debt Component	82.28%
Equity Component	17.72%

<sup>1</sup> Coleman Worldwide Corp. LYONs Prospectus, May 20, 1993

<sup>2</sup> 5 Year US Treasury yield from Bloomberg

<sup>3</sup> 12 month (250 day) historical volatility from Bloomberg.

**Exhibit 12**  
**Marvel Holding Company LYONs Analysis**

<u>Hypothetical Marvel LYONs</u>	<u>Holdings</u> <sup>1</sup>	<u>Parent</u> <sup>2</sup>	<u>III</u> <sup>3</sup>	<u>Total</u>
Settlement Date	4/22/1993	10/20/1993	2/15/1994	
Effective Maturity Date	4/15/1998	4/15/1998	2/15/1998	
# of Bonds	517,447	251,678	125,000	
Accredited Value at Effective Maturity Date	\$517,447,000	\$251,678,000	\$178,658,568	\$947,783,568
Coupon	0.00%	0.00%	0.00%	
Time to Effective Maturity (Years)	4.98	4.49	4.00	
Price at Effective Maturity	\$1,000	\$1,000	\$1,000	
Shares as Collateral	48,000,000	20,000,000	9,302,326	77,302,326
Value of Collateral	\$591,024,000	\$466,260,000	\$250,000,011	
Collateralization @ Issuance	1.40x	2.36x	1.60x	
Collateralization @ Maturity	1.14x	1.85x	1.40x	
<b><u>Debt Component</u></b>				
5 Year US Treasury <sup>4</sup>	5.01%	4.63%	5.33%	
Spread to Treasury	6.24%	7.62%	3.80%	
Debt Component Yield	11.250%	12.25%	9.125%	
Debt Component Price	\$579.77	\$586.62	\$1,000.00	
Debt Component Proceeds	\$300,001,147	\$147,639,676	\$125,000,000	\$572,640,823
<b><u>Option Component</u></b>				
Stock Price	\$12.31	\$23.31	\$26.88	
Strike Price <sup>5</sup>	\$19.95	\$37.78	\$43.55	
# of Options	25,931,973	6,661,632	4,102,126	
Risk Free Rate <sup>6</sup>	5.01%	4.63%	5.33%	
Volatility <sup>7</sup>	53.21%	50.04%	47.64%	
Call Price	\$4.72	\$7.55	\$7.63	
Option Component Proceeds	\$122,461,647	\$50,275,185	\$31,281,548	\$204,018,380
Total LYON Proceeds	<u>\$422,462,794</u>	<u>\$197,914,861</u>	<u>\$156,281,548</u>	<u>\$776,659,203</u>

<sup>1</sup> Marvel Holdings Prospectus, July 9, 1993.

<sup>2</sup> Marvel (Parent) Prospectus, October 13, 1993.

<sup>3</sup> Marvel III Prospectus, May 11, 1994.

<sup>4</sup> 5 Year US Treasury yield from Bloomberg.

<sup>5</sup> Assumes strike price bears same relationship to underlying price as in Coleman LYON.

<sup>6</sup> 5 Year US Treasury yield from Bloomberg.

<sup>7</sup> 12 month (250 day) historical volatility from Bloomberg.



**Exhibit 13**  
**Potential Payment from Negotiation between M&F Holdings and Marvel**

<u>Benefit to Holding Companies</u>	<u>Total Debt Outstanding<sup>1</sup></u>	<u>Discount Rate ( r )<sup>2</sup></u>	<u>25 Basis Points</u>		<u>50 Basis Points</u>	
			<u>Present Value of Incremental Cost @</u>		<u>Present Value of Incremental Cost @</u>	
			<u>r - 50 bp</u>	<u>r</u>	<u>r - 50 bp</u>	<u>r + 50 bp</u>
Marvel Holdings	\$300,000,247	11.250%	\$3,873,414	\$3,787,430	\$7,746,828	\$7,574,861
Marvel Parent	\$147,639,348	12.250%	\$1,714,495	\$1,680,488	\$3,428,990	\$3,360,976
Marvel III	\$125,000,000	9.125%	\$877,425	\$861,220	\$1,754,849	\$1,722,439
Total	<u>\$572,639,595</u>		<u>\$6,465,334</u>	<u>\$6,329,138</u>	<u>\$12,930,668</u>	<u>\$12,658,276</u>
						<u>\$12,393,015</u>
<u>Cost to Marvel Entertainment</u>	<u>Total Debt Outstanding 12/31/1993<sup>3</sup></u>	<u>Discount Rate ( r )<sup>4</sup></u>	<u>Present Value of Incremental Cost @</u>		<u>Present Value of Incremental Cost @</u>	
			<u>r - 50 bp</u>	<u>r</u>	<u>r - 50 bp</u>	<u>r + 50 bp</u>
Current Portion	\$45,100,000	4.67%	\$451,937	\$440,977	\$903,874	\$881,953
Long-term Debt	\$205,100,000		\$2,055,261	\$2,005,417	\$4,110,522	\$4,010,834
Due to Fleer	\$100,000		\$1,002	\$978	\$2,004	\$1,956
Sub-total	<u>\$250,300,000</u>		<u>\$2,508,200</u>	<u>\$2,447,372</u>	<u>\$5,016,401</u>	<u>\$4,894,743</u>
						<u>\$4,777,476</u>

<sup>1</sup> Gross proceeds from Marvel Holding Company notes issuances.

<sup>2</sup> Discount rates reflect actual yield on the Marvel Holding Company Notes.

<sup>3</sup> Marvel Entertainment Group 10-K filing, December 31, 1993.

<sup>4</sup> Discount rate reflects Marvel Entertainment Group, Inc.'s cost of borrowing as of 12/31/1993 as reported in their form 10-K. The company's debt bears interest at the company's option of two different base rates plus applicable margins. I have selected the lower of the two rates resulting in a higher estimate of incremental cost.